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SUBJECT: PLENTY TO FIGHT ABOUT IN 18TH NATIONAL ASSEMBLY

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

11. (C) Summary: The 18th National Assembly's regular session began on September 1 after nearly three months of deadlock. Though the opposition Democratic Party (DP) finally ended its boycott, this session is unlikely to be smooth sailing for the Grand National Party(GNP), despite its significant majority in the legislature. Economic issues -- tax reform; deregulation; ratification of the Korea-U.S. Free Trade Agreement (KORUS FTA), which the Lee Myung-bak Administration has not yet sent to the National Assembly; and privatization -- are expected to dominate deliberations this fall. GNP economic policies and media reforms are already drawing fire from the opposition and pundits. The resurgence of territorial disputes with Japan and China as well as concern over North Korea's stability will preoccupy the Foreign Affairs, Trade and Unification Committee. The DP managed to assert disproportionate influence over the committee formation process -- a trend that could continue in the regular session as the GNP struggles to cope with President Lee Myung-bak's still low approval ratings. End Summary.

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Deadlock Ended  
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12. (C) The 18th National Assembly officially began on May 30, however, the DP boycotted the session because of disagreement about the U.S.-ROK beef deal. After an 82-day dispute, the parties broke the deadlock by agreeing to amend the law that establishes the regulatory framework for importing foreign meat. The parties also agreed to convene the regular session of National Assembly and form committees -- the GNP chairs 11 out of 18 committees, while the DP and the Liberty Forward Party coalition (LFP) chair six and one, respectively. At present, the GNP has 172 seats out of 299 with eight more set to join in the near future. Media and pundits estimate that 70-83 of the GNP legislators are pro-Park and assembly sources note that Park's group will likely continue to grow.

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National Assembly Schedule  
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13. (SBU) According to the National Assembly Act, the regular session convenes each year on the first of September for 100 days. During the regular session, each standing committee conducts an annual inspection of state administration for 20 days, normally beginning on September 10 (due to the Chuseok holiday, the inspection will take place from October 6-25).

The regular session is scheduled to end on December 9.

¶4. (SBU) On September 1, floor leaders of the GNP, DP, and the LFP convened meetings to discuss the schedule and to appoint executive secretaries in all the committees. The parties, however, failed to agree on an official schedule for the regular session because the DP, the Democratic Labor Party (DLP), and the LFP requested a special audit of President Lee's recent moves to gain control over broadcasting companies and to control Netizens. The GNP refused this demand saying the annual parliamentary audit would deal with the issue.

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It's the Economy, Stupid  
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¶5. (SBU) Leading up to the regular session, parties held workshops to determine their strategies. The ruling GNP named the regular session the "Economy First National Assembly," noting that it would strive to reinvigorate the lethargic economy and improve people's livelihood. The GNP will mainly focus on six tasks: ratification of the KORUS FTA (which the Lee Administration has not yet submitted to the National Assembly); public sector reform; taxation reform; deregulation; people's welfare; and rearrangement of leftist laws and ordinances.

¶6. (SBU) The DP, meanwhile, declared the regular session the "Rescue People's Livelihood National Assembly," claiming the GNP's economic and financial policies are only beneficial to the rich. The DP opposes the GNP's plan to privatize some state-run companies -- such as Incheon Airport Corporation -- and the deregulation policies for conglomerate companies -- like the abolishment of the prohibition on cross shareholding among the affiliates of conglomerates. The DP also disagrees with the GNP's taxation reforms as well as planned deregulation policies on real estate. Instead, the DP plans on cutting the value-added tax and property tax for members of the middle class who own inexpensive houses.

¶7. (C) While the battles over economic policies will largely be fought in the Strategy and Finance Committee and, for the KORUS FTA, in the Foreign Affairs, Trade and Unification Committee, assembly sources said the Culture, Sports, Tourism, Broadcasting, and Communication Committee will be home to the fiercest clashes. Opposition DP lawmakers and NGO leaders have voiced public protests against President Lee and the GNP's proposed policies that would privatize some broadcasting companies, allow newspapers to own broadcasting companies, and regulate Internet portal websites. Also the progressives have alleged that Lee is exerting undue control over broadcasting companies because he appointed close-associates to head YTN (an all-news, state run broadcasting company). Recently, the GNP and the Ministry of Government Legislation articulated a new crime, "Cyber Contempt," to apply to those who slander and spread false facts in the Internet; however, the DP argued that the law may violate freedom of expression and be used to suppress Internet users who criticize government and instigate street rallies.

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Comment  
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¶8. (C) The GNP, which dominates the National Assembly, has vowed to fix the left-wing policies of the two previous administrations, and already has begun to propose reforms. Despite the overwhelming majority of seats under conservative control, the current National Assembly will not be a pushover. Lee Myung-bak's low approval rating and the DP's nothing-to-lose attitude could make many of the ruling party's initiatives surprisingly difficult to pass.

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